



RESOLUTION

RELATING TO REAL PROPERTY TAX COMPROMISES.

WHEREAS, Ordinance 13-33 created a Residential A general class ("Residential A") for the purpose of real property taxation; and

WHEREAS, per Section 8-7.1, Revised Ordinances of Honolulu 1990, as amended ("ROH"), Residential A includes real property with an assessed value of \$1,000,000 or more that does not have a home exemption; and

WHEREAS, since the passage of Ordinance 13-33, thousands of properties have been reclassified from Residential to Residential A, with the number of reclassified properties increasing every year; and

WHEREAS, through Resolution 16-61, the Administration has proposed real property tax rates for tax year 2016-2017, with a Residential rate of \$3.50 per \$1,000 of assessed value and a Residential A rate of \$6.00 per \$1,000 of assessed value; and

WHEREAS, many owners of these reclassified properties who would qualify for a home exemption were unaware of the new class and 71 percent higher tax rate and did not meet the September 30, 2015 deadline to file a home exemption; and

WHEREAS, the reclassification resulted in substantial tax increases for these affected property owners, and many are financially unprepared to pay the large increase in their property tax; and

WHEREAS, the City has, on occasion, granted real property tax compromises to organizations to address a public need and to individuals to address unintended consequences of property tax reclassifications; and

WHEREAS, in acknowledgement of the ongoing financial hardship endured by owners of residential property that qualifies for a home exemption but who are being taxed at the Residential A tax rate, the Council believes it is imperative that these property owners be afforded one-time relief and have their tax liability compromised; and

WHEREAS, Section 8-1.3(l), ROH provides that the Director of Budget and Fiscal Services may compromise a claim relating to real property taxation not exceeding \$500.00 with the approval of the Corporation Counsel and may compromise a claim exceeding \$500.00 with the approval of Council; and



RESOLUTION

WHEREAS, Section 2-3.1(d), ROH, provides that Corporation Counsel has the power to compromise claims in favor of or against the City not requiring payment in excess of \$5,000.00 or to compromise claims in excess of \$5,000.00 with approval of the Council under Section 2-3.4(a), ROH; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that for tax year 2016-2017 only:

1. Owners of parcels that were reclassified from Residential to Residential A are hereby granted a reduction in their tax liability by compromise under Section 8-1.3(l), ROH, provided the owner:
 - (a) Certifies by September 30, 2016 that the parcel would have qualified for a home exemption on October 1, 2015, and will continuously qualify for a home exemption through September 30, 2017;
 - (b) Files a home exemption by September 30, 2016; and
 - (c) Applies for a tax compromise by September 30, 2016;

and provided the Department of Budget and Fiscal Services approves of the compromise.

2. The Department of Budget and Fiscal Services shall consider all applications on a case by case basis and, if the application is approved, then the tax liability pertaining to that application will be compromised as determined by the Department.
3. Compromises of individual claims provided herein that exceed payment by the City of \$5,000.00 by refund or credit, with interest, are hereby approved by the Council under Section 2-3.4(a), ROH in the amount paid by the owner in excess of the taxes due for the 2016-2017 tax year, as compromised to the Residential tax rate; and



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

No. 16-104

RESOLUTION

BE IT FINALLY RESOLVED that a copy of this Resolution be transmitted to the Director of Budget and Fiscal Services.

INTRODUCED BY:



DATE OF INTRODUCTION:

APR 21 2016

Honolulu, Hawaii

Councilmembers

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII
CERTIFICATE

RESOLUTION 16-104

Introduced: 04/21/16

By: IKAIKA ANDERSON


Committee: BUDGET

Title: RESOLUTION RELATING TO REAL PROPERTY TAX COMPROMISES.

Voting Legend: * = Aye w/Reservations

04/27/16	BUDGET	CR-145 – RESOLUTION REPORTED OUT OF COMMITTEE FOR ADOPTION.
05/04/16	COUNCIL	CR-145 AND RESOLUTION 16-104 WERE ADOPTED. 8 AYES: ANDERSON, FUKUNAGA, KOBAYASHI, MANAHAN, MARTIN, MENOR, OZAWA, PINE. 1 NO: ELEFANTE.

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this RESOLUTION.


GLEN I. TAKAHASHI, CITY CLERK


ERNEST Y. MARTIN, CHAIR AND PRESIDING OFFICER